

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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FM AMEMBASSY LAGOS

TO USIA WASHDC

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USIAC

E.O. 11652: N/A

SUBJECT: TARGET AUDIENCE CONCERNS RE ENERGY

REF: USIA 22418

1. NIGERIAN ATTITUDE TOWARD U.S. IN RELATION ENERGY SITUATION
SI CLOSELY ASSOCIATED MID-EAST CONFLICT, GROWING ARAB-OAU
COOPERATION, NIGERIAN VIEW ISRAEL, WITH WHOM GOVERNMENT HAS
BROKEN DIPLOMATIC RELATIONS, AND COUNTRY'S OWN POSITION AS
OIL PRODUCER. FMG HAS DECLARED IT WOULD BE ACT OF BAD FAITH FOR
NIGERIA TO INCREASE "SCHEDULED PRODUCTION" IN ORDER BENEFIT FROM
ARAB CUT-BACKS BUT HAS APPARENTLY ACQUIESCED IN DIVERSION OF
COMPANY-OWNED OIL FROM NIGERIA TO EMBARGOED COUNTRIES AND HAS
NOT DECLINED SELL OWN PARTICIPATION AND ROYALTY OIL TO AMERICAN
BUYERS. GENERALIZING ON ATTITUDE, WHICH OFTEN UNSAFE, BELIEVE
NIGERIANS PLEASED SEE FELLOW DEVELOPING NATIONS SUCCESSFULLY
WIELD ECONOMIC POWER IN RELATIONS WITH DEVELOPED, AND THIS
SATISFACTION BECOMES OPEN DELIGHT SOME QUARTERS PRESS.
("AT LAST," WRITES DAILY SKETCH COLUMNIST, "THE 'WRETCHED
OF THE EARTH' CAN NOW HOLD THE 'MASTERS OF THE WORLD' TO
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RANSOM.") AS OAU MEMBER, FMG APPLAUDS ARAB OIL EMBARGOES

SOUTHERN AFRICA. AT SAME TIME, THERE IS GENERAL AWARENESS AND CONCERN THAT MANY NATIONS IN AFRICA AND DEVELOPING WORLD RELY ON PETROLEUM PRODUCT IMPORTS FROM EUROPEAN NATIONS AFFECTED BY CUTBACKS. NIGERIA ITSELF LOOKS TO EUROPEAN SOURCES FOR 10-20 PERCENT OF ITS PETROLEUM PRODUCT NEEDS. PROBLEMS FORESEEN AS EMBARGO BY-PRODUCTS INCLUDE HIGHER PRICES FOR INDUSTRIAL, CONSUMER AND FOOD PRODUCTS FROM DEVELOPED NATIONS, MANY OF WHICH ESSENTIAL TO DEVELOPMENT PROGRAM, AND FOR REQUIRED OIL IMPORTS THEMSELVES.

2. AGENCY OUTPUT MIGHT INCLUDE FOLLOWING POINTS:

- A. OIL SHORTAGE CERTAIN TO INCREASE PRICES OF ALL DEVELOPED NATION EXPORTS OF PRODUCTS, SERVICES AND TECHNOLOGY, MUCH OF WHICH DESPERATELY NEEDED BY DEVELOPING STATES. OIL-PRODUCING STATES, INCLUDING NIGERIA, WILL MORE THAN COMPENSATE IN INCREASED REVENUES, BUT ALL OTHER LDC'S WILL SUFFER AND GROW RELATIVELY POORER. (THIS POINT ALREADY SUPPORTED BY EXCELLENT WIRELESS FILE, ARTICLE BY IPS WRITER SAM BURNS, AF - 27 OF DECEMBER 10.)
- B. EVEN IF ARAB CUT-BACKS AND EMBARGOS ARE ENDED, EXTRAORDINARY PETROLEUM PRICE RISES OF LAST TWO MONTHS ARE MOST LIKELY ENDURE FOR LONG TIME TO COME AND PROBABLY EVEN ESCALATE. DISADVANTAGES FOR LDC'S THEREFORE PERMANENT.
- C. AVAILABILITY AND PRICES EXPORTABLE FOOD SURPLUSES CLOSELY RELATED OIL EMBARGO BECAUSE OF HEAVY ENERGY REQUIREMENTS BOTH PRODUCTION AND INTERNATIONAL TRANSPORTATION. ESSENTIAL EMPHASIZE U.S. PREDOMINANCE INTERNATIONAL GRAIN MARKET, REMINDING READERS THAT IF U.S. SUPPLY MANY NOT BE CRUCIAL THIS YEAR, REMEMBER LAST AND WORRY ABOUT NEXT. WOULD BE MOST USEFUL GENERATE UPDATED TOPICAL REWRITE ORVILLE FREEMAN'S JULY, 1967 FOREIGN AFFAIRS ARTICLE, MALTHUS, MARX AND THE NORTH AMERICAN BREADBASKET." FOOD SUPPLY DISCUSSIONS ESPECIALLY USEFUL AFRICA, WHICH IS NET GRAIN IMPORTER AND WHERE SAHEL DROUGHT ALREADY COMMANDS ATTENTION.
- D. AFRICAN VULNERABILITY TO CUT-BACK IMPORTED PETROLEUM PRODUCTS, ALREADY DISCUSSED OAU COUNCILS, DESERVES REPEATED MENTION. THIS POINT USEFUL EVEN IN CRUDE-PRODUCING NIGERIA.
- E. NEEDED MOST IS EMPHASIS STRONG AMERICA'S RELATIVE INVULNERABILITY TO OIL BLACKMAIL, DETERMINATION TO DEAL WITH ITS SHORT-TERM EFFECTS, AND MOVE QUICKLY TOWARD ENERGY SELF-LIMITED OFFICIAL USE

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SUFFICIENCY. REPORT EVERY EVIDENCE PROGRESS ON ALTERNATIVE SOURCES AND REMIND AUDIENCES HISTORY AMERICAN RESPONSE CRISIS SITUATIONS. ACCENTUATE EVIDENCE CITIZENS' WILLINGNESS SACRIFICE PERSONAL INTERESTS FOR COMMON GOOD (IF ANY CAN YET BE FOUND) AND OUR PROVEN ABILITY TO "STICK IT OUT". BELIEVE MORE TO BE GAINED NOW BY SOLICITING RESPECT FOR OUR RESILIENCE RATHER THAN SEEKING SYMPATHY FOR OUR PRIVATIONS. SOMEHOW, SYMPATHY FOR U.S. HARD TO GENERATE.

F. ANALYTICAL PIECES DEMONSTRATING OIL EMBARGO EFFECTS
INTERNATIONAL ECONOMIC STABILITY WOULD BE HELPFUL.
ILLUSTRATE THAT RECESSION IN U.S. AND DEVELOPED ECONOMIES
WOULD AFFECT ALL, AS FOR EXAMPLE IN DROP IN PRICES FOR
MAY LDC-PRODUCED COMMODITIES WHICH LIKELY RESULT FROM ANY
SLUMP IN INDUSTRIALIZED NATIONS. SHOW THAT CENTRAL POSITION
OF U.S. IN INTERDEPENDENT INTERNATIONAL ECONOMY MAKES IT THE
MOST PIVOTALLY SENSITIVE NATIONAL ECONOMY FOR ARABS OR OTHERS
TO MESS WITH.

G. ANYTHING THAT CAN BE DONE TO ASSIST PR POSITION AMERICAN
INTERNATIONAL OIL COMPANIES WOULD BE USEFUL. AS THEY ARE
FORCED DISRUPT NORMAL DISTRIBUTION PATTERNS AND REALLOCATE
SMALLER SUPPLIES, THEY RATHER THAN THE ARABS, WHO ARE FARTHER
FROM LOCAL SCENE, WILL OFTEN BE UNFAIRLY HELD RESPONSIBLE FOR
SHORTAGES.

H. DO NOT BELIEVE REPORTAGE REPRISAL SUGGESTIONS USEFUL (YET)
UNLESS VELVET-TOUCHED, QUALIFIED AND TREATED SPECULATIVELY AS
LAST RESORT DEVICE.

3. TOUGHEST QUESTION HERE AND PERHAPS OTHER FRIENDLY OIL
PRODUCING COUNTRIES: "WHERE AMERICAN ENERGY S

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